

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority.*

## **IOWA FINANCE AUTHORITY BOARD MEETING MINUTES**

**Iowa Hospital Association Education Center  
August 3, 2005**

### **BOARD MEMBERS PRESENT**

Vincent Lintz, Chair  
Kay Anderson, Vice Chair  
Steve Adams  
Virginia Bordwell

Roger Caudron  
Douglas Walter (via telephone)  
Dick Wright

### **STAFF MEMBERS PRESENT**

Mickey Carlson, Single Family Program  
Manager  
Donna Davis, Deputy Director, Director  
Housing Programs  
Dennis Dietz, Director of Policy and  
Governmental Affairs  
Mark Fairley, Financial Officer  
Alyson Fleming, Administrative Assistant  
Craig Johnson, Financial Analyst/Underwriter

Shawna Lode, Communications Director  
Tim Morlan, Underwriter  
Loyd Ogle, Director, Title Guaranty Division  
Carla Pope, Service Enriched Housing Director  
James Smith, CFO/Deputy Director/General  
Counsel  
Tim Waddell, Tax Credit Manager  
Nancy Wallis, Administrative Assistant  
Vicky Winter-Clearman, Legal Secretary

### **OTHERS PRESENT**

Kristi Boyce – Wells Fargo Bank Iowa, NA  
Dave Bridgewater – Hubbell Realty Co.  
Bob Burns – Burns & Burns, L.C.  
Jim Conlin – Conlin Properties  
Grant Dugdale – Attorney General's Office  
David Grossklaus – Dorsey & Whitney  
Rachel Hampton – Hubbell Realty Co.  
Michael Hayes – Hubbell Realty Co.  
Nicole Jones – Treasurer of State

Andy Leonard – RSM McGladrey  
Steve Niebuhr – Hubbell Realty Co.  
Renie Neuberger  
Joe O'Hern – Fannie Mae  
Kent Powell – IDED  
Bruce Ray – Dept. of Housing & Urban  
Development  
Bill Reinke – HOUSES, Inc.  
Kristin Saddoris – Conlin Properties

### **CALL TO ORDER**

Chair Lintz called to order the August 3, 2005 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Caudron, Walter and Wright.

### **REVIEW AND APPROVAL OF MINUTES**

#### **July 6, 2005**

Chair Lintz introduced the minutes of the July 6, 2005 meeting of the Iowa Finance Authority Board of Directors.

**MOTION:** On a motion by Ms. Anderson and a second by Mr. Walter, the Board unanimously approved the minutes of the July 6, 2005 meeting.

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## **ADMINISTRATION/MANAGEMENT REPORT**

There was no Administration/Management Report.

## **LEGAL / REGULATORY**

### Notice of Intended Action Re: 265IAC Chapter 25; Entrepreneurs with Disabilities Program and Approval of Interagency Agreement

Ms. Pope introduced the Notice of Intended Action Re: 265 IAC Chapter 25; Entrepreneurs with Disabilities Program and Approval of Interagency Agreement. She said there are currently 85 persons receiving services through technical assistance, financial assistance grants and business development grants. Ms. Pope stated the program has an 83% new business sustainability rate and according to the Small Business Administration, nearly 50% of all new businesses fail in their first year. She referred to the handouts included in the Board materials which detail the Authority's work in collaboration with the Department of Education, division of Iowa vocational rehabilitation services, and the Iowa department for the blind to administer the entrepreneurs with disabilities program.

Mr. Wright inquired of the cost of the program to the Authority and whether the current appropriation of \$200,000 is the same as prior years.

Ms. Pope stated the General Assembly directed the Authority's administration of the program from the Department of Economic Development. She said the program did not previously receive a separate appropriation but was part of a larger appropriation to another program. Ms. Pope said the current appropriation to the program almost doubles the program's budget and it is anticipated the administrative costs of the program are minimal. She said monitoring of the program will be handled by the department of vocational rehabilitation via an interagency agreement with annual reports on measurable outcomes to the Authority.

Mr. Caudron inquired as to the match of federal funds to the program and whether that amount has changed.

Ms. Pope stated for every dollar appropriated to the program a match of approximately \$3.63 is made by the federal government.

**MOTION:** Ms. Bordwell made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 25; Entrepreneurs with Disabilities Program and Approval of Interagency Agreement. On a second by Mr. Wright the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 25; Entrepreneurs with Disabilities Program and Approval of Interagency Agreement.

Mr. Adams arrived at 11:02 a.m.

### Final Action Re: 265 IAC Chapter 12; 2006 Qualified Allocation Plan (QAP)

Mr. Smith introduced the Final Action Re: 265 IAC Chapter 12; Qualified Allocation Plan (QAP). He requested Mr. Waddell explain the changes from the proposed 2006 QAP to the final proposed QAP. Mr. Waddell referred to the handout distributed to the board detailing the changes and explained of the proposed changes in detail. He said a written manual will be made available prior to the developer's training and will also be available on the Authority's website.

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MOTION: Mr. Adams made a motion approving the Final Action Re: 265 IAC Chapter 12; 2006 Qualified Allocation Plan (QAP). On a second by Mr. Caudron, the Board unanimously approved the Final Action Re: 265 IAC Chapter 12; 2006 Qualified Allocation Plan (QAP).

A general discussion followed regarding HOME funds and HOME program rules.

Mr. Caudron commended Authority staff and the partnership with IDEED for the excellent work on the QAP and thanked the developers for their input and patience during the public comment period.

Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program Amendments

Mr. Smith introduced the Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program Amendments. He said the rules adopted by this action are identical to those published in the Iowa Administrative Bulletin and were approved by the Board at the May 4, 2005 meeting. Mr. Smith stated there have been no public comments regarding the proposed rules. He said the proposed rules allow for more flexibility in lending under the program.

MOTION: Mr. Walter made a motion approving the Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program Amendments. On a second by Ms. Anderson, the Board unanimously approved the Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program Amendments.

## **FINANCE AND ACCOUNTING**

In the absence of Mr. Steven Harvey, Mr. Mark Fairley presented the Finance and Accounting report to the Board.

Finance Update

Mr. Fairley stated Housing Agency Revenue exceeds budget for the year due to recognition of service acquisition fees in current period income rather than a deferred item as budgeted. He said interest income trailed budget due to the continuing low interest rates, and Title Guaranty fees fell below budget for the first time. Mr. Fairley reported expenses are below budget for the year and for most line items except provision for losses where the Authority established a \$500,000 reserve for Iowa Housing Corporation claims that was not previously budgeted. He stated Title Guaranty provision for losses exceeded budget to provide an adequate reserve for pending claims. Mr. Fairley said operating income is \$2,700,817 favorable to budget.

Mr. Fairley stated the State Revolving Fund year to date grant income trails budget by \$30.1 million due to the suspension of EPA grants until the state match is funded. He said a resolution was passed at the July 6, 2005 Board meeting to issue bond anticipation notes for this purpose. Mr. Fairley stated uncommitted fund balance is \$40.1 million.

Approval of Financial Statement

MOTION: Ms. Anderson made a motion to approve the financial statement for June. On a second by Mr. Wright, the Board unanimously approved the financial statement for June.

## **COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM**

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In the absence of Ms. Lori Beary, Mr. Smith presented the Community and Economic Development report to the Board.

### **Economic Development Loan Program**

#### **ED. Loan #05-10, City Carton Company, Inc.**

Mr. Smith introduced the application for \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds for City Carton Company, Iowa City. He said the bonds will be used to purchase equipment and to upgrade facilities used in recycling paper, cardboard, plastic, metal and glass. Mr. Smith stated City Carton facilities are located in Cedar Fall, Davenport, Cedar Rapids, Iowa City, Mt. Pleasant, Muscatine, Creston and Altoona. He said the project will require Private Activity Bond Cap.

An inquiry was made as to the tax status of the proposed bonds.

Mr. David Grossklaus, of the Dorsey and Whitney Law Firm, spoke to the Board and explained the bonds in question are manufacturing and not solid waste facility bonds. He stated the proceeds of the industrial development revenue bonds will be used to finance equipment as part of the manufacturing and recycling process.

#### **RESOLUTION #05-10A**

**MOTION:** Mr. Caudron made a motion approving an application for \$2,000,000 Iowa Finance Authority Industrial Development Revenue Bonds (City Carton Company, Inc. Project) Series 2005 for City Carton Company, Inc. (the "Borrower") and evidencing the intent to proceed with the issuance of \$2,000,000 Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously approved Resolution #05-10A.

#### **ED. Loan #05-11**

Mr. Smith introduced the application for \$65,000,000 of Iowa Finance Authority Hospital Facility Revenue Refunding Bonds for Mercy Medical Center in Cedar Rapids. He said the bonds will be used to refund 1999 IFA Hospital Revenue Bonds. Mr. Smith stated it is estimated a net present value interest rate savings of more than 5% will be realized. He said the project will not require Private Activity Bond Cap.

#### **RESOLUTION #05-11A**

**MOTION:** Ms. Bordwell made a motion approving an application for \$65,000,000 of Iowa Finance Authority Hospital Facility Revenue Refunding Bonds (Mercy Medical Center Project), Series 2005 for Mercy Medical Center (the "Borrower") and evidencing the intent to proceed with the issuance of \$65,000,000 Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved Resolution #05-11A.

Ms. Bordwell inquired as to status of the SRF program and the division of responsibilities between the DNR and the Authority.

Mr. Smith stated the bond issue for the state match will be completed in September and progress continues with the rewriting of the administrative rules. He said Ms. Beary will have a thorough update at the September meeting.

## **HOUSING PROGRAMS**

**Resolution Re: Multifamily Loan – Washington Court**

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Mr. Tim Morlan introduced the Resolution Re: Multifamily Loan – Washington Court. He said Washington Court Apartments is a 2005 low income housing tax credit project in the existing Dubuque Casket Company building located at 1798 Washington Street in Dubuque. Mr. Morlan stated the project involves the acquisition and rehabilitation of the site. He said the facility will offer 36 one and two bedroom apartment units for small families with 1,027 and 1,270 square feet respectively. Mr. Morlan stated the developer plans to have the project completed by the end of 2006. He said the proposed loan amount is currently \$626,162 with a term of 30 years at an interest rate of 5.70%.

MOTION: Ms. Anderson made a motion approving the Resolution Re: Multifamily Loan – Washington Court in the not to exceed amount of \$650,000 at an interest rate not to exceed 7.0% for a term of 30 years. On a second by Mr. Wright, the Board unanimously approved the Resolution Re: Multifamily Loan – Washington Court.

Resolution Re: Multifamily Loan – Salisbury Court

Mr. Craig Johnson introduced the Resolution Re: Multifamily Loan – Salisbury Court. He said Salisbury Court is a 2005 low income housing tax credit project with an expected completion date of December 2006. Mr. Johnson stated the project will be located at 1900 Nash Blvd in Council Bluffs and is comprised of four single story buildings, two of which will contain five two bedroom units and two buildings will contain four three bedroom units. He said the proposed loan amount is currently \$400,703 at 5.70% for a term of 30 years.

MOTION: Mr. Adams made a motion approving the Resolution Re: Multifamily Loan – Salisbury Court in the not to exceed amount of \$400,703 at an interest rate not to exceed 7.00% for a term of 30 years. On a second by Mr. Caudron, the Board unanimously approved the Resolution Re: Multifamily Loan – Salisbury Court.

Resolution Re: Multifamily Loan – River West Apartments

Mr. Morlan introduced the Resolution Re: Multifamily Loan – River West Apartments. He said the proposed loan amount is currently \$416,000 at 5.70% for 30 years. Mr. Morlan stated River West Apartments, located in Milford, is a 1997 low income housing tax credit project that has seen unstable occupancy since opening. He said due to the instability to stabilize the project and meet the construction loan requirements, the project has not converted the loan to permanent status. Mr. Morlan stated the current note with Stearns Bank was paid off to avoid foreclosure and a KeyCorp entity holds the note. He said the community of Milford recently lost 72 units of low-income housing due to Valley View of Spirit Lake (former Section 8 property) and Lakeside Apartments (neighboring LIHTC project) conversion to condominiums.

MOTION: Mr. Caudron made a motion approving the Resolution Re: Multifamily Loan – River West Apartments for a first mortgage loan in the not to exceed amount of \$450,000 at an interest rate not to exceed 7.00% and a second mortgage loan in the not to exceed amount of \$112,500 at an interest rate of not to exceed 4.00%, each for terms of 30 years. On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: Multifamily Loan – River West Apartments.

A general discussion followed regarding the recent changes in the multifamily loan program terms.

Resolution Allocating Additional Credits to Court Avenue Partners I, L.P.

Mr. Waddell introduced the Resolution Allocating Additional Credits to Court Avenue Partners I, L.P. He said this resolution is similar to the Hotel Iowa Resolution (Keokuk) whereby section 6.2.2 of the 2004 QAP allows for the allocation of additional tax credits, if available, to

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acquisition/rehabilitation, preservation, adaptive reuse or historic preservation projects if the construction costs for such a project exceed the original cost estimates including the contingency fund.

MOTION: Mr. Wright made a motion approving the Resolution Allocating Additional Credits to Court Avenue Partners I, L.P. in the amount of \$28,839 in 2005 tax credits. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Allocating Additional Credits to Court Avenue Partners I, L.P.

A general discussion followed regarding the IRS low income housing tax credit carry over provision of left over credits from a previous year or funding round.

### **TITLE GUARANTY DIVISION (TGD)**

Mr. Ogle referred to the charts included in the Board materials and updated the Board on upcoming events of the Division.

### **POLICY / LEGISLATION**

Mr. Dietz referred to the handout included in the Board materials.

### **COMMUNICATIONS**

Ms. Shawna Lode referred to the handouts included in the Board materials and updated the Board on upcoming conferences and events, as well as news articles that would appear in the near future.

### **MISCELLANEOUS ITEMS**

#### Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no one in the audience wishing to address the Board, Chair Lintz closed the public comment period.

#### Next Month

The next regular meeting will be held at 1:00 p.m. on Wednesday, September 7, 2005 at the Baymont Inn and Suites, 1220 Park Place NE, Cedar Rapids, IA 52402.

### **ADJOURNMENT**

There being no further business, on a motion by Mr. Adams and a second by Mr. Caudron, the August meeting of the Iowa Finance Authority Board of Directors adjourned at 1:00 p.m.

Dated this 7<sup>th</sup> day of September 2005.

Respectfully submitted:

Approved as to form:

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Bret L. Mills  
Executive Director  
Iowa Finance Authority

Carmela Brown, Treasurer  
Iowa Finance Authority

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